

October 18, 2004

Honorable Lisa Borders  
and Members of Atlanta City Council  
55 Trinity Avenue, SW, Suite 2900  
Atlanta, GA 30303

Dear President Borders and Members of Council:

Transmitted herewith is my administration's proposed budget for FY 2005. I am pleased to report that this budget represents another step forward in returning the City of Atlanta to fiscal stability. Fiscal responsibility is a core value of my administration, and the hard work of the past three years to discipline spending and improve the efficiency of our operations is clearly paying off. The success of these efforts allowed us last year to add an additional 100 police officers and 50 firefighters to the city workforce and to restore the purchasing power of City employee salaries through a 4% cost of living adjustment (COLA). In addition, we have been able to elevate the salaries of our lowest-paid employees to a level that constitutes a "living wage", an issue of critical concern to all of us.

The FY 2005 Proposed Budget builds on these accomplishments. We are proposing a budget of \$512.4 million. We are projected to close out FY2004 with \$77.3 million carry-over, which will be the third fiscal year in a row where the City has completed the year within budget. Given the economic conditions of the past three years, this is no small achievement. Our improved financial condition has been achieved through prudent management and conservative budgeting practices, and I think you will find that the FY 2005 Proposed Budget is consistent with those practices.

Increased employer pension contributions will consume a substantial portion of our budget growth. Actuarial reports suggest that in some instances our pension requirements will almost double as a percentage of payroll. Fortunately, we prepared for this shift in 2003, and the foresight exercised then will ease the burden of this increased obligation.

I am pleased to include in the 2005 Proposed Budget a one percent cost of living adjustment (COLA) for city employees. I am committed to ensuring that City employee salaries maintain their purchasing power over time, and this increase will advance that objective. The four percent COLA adjustment budgeted in 2004 offset the erosion of employee salaries from 2002 to 2004, and this additional one percent will maintain that purchasing power in 2005 (the Consumer Price Index for Urban Consumers in the metropolitan Atlanta area increased 1.3 percent last year).

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Additionally, I have recommended in this budget a pay-for-performance plan previously adopted by the City Council for citywide implementation that has been successfully in use at the Department of Aviation for the past four years. This plan will provide managers throughout City government with a proven method for rewarding outstanding performance on the job. I am committed to shifting the City's compensation practices to greater reliance on "pay for performance" approaches, and this initiative, which will provide cash bonuses for high performing employees, is an important first step in that process.

We are happy to report over all crime in Atlanta is down once again this year. In order to maintain this downward trend, I am committed to implementing reforms in the police department outlined in the recent report "Fragile Momentum". This comprehensive review recommended specific enhancements to police salaries. As a result, my proposed budget includes a 2.5 percent pay increase for sworn police officers, which represents a substantial step forward toward our goal of a \$38,000 entry-level salary in the Atlanta Police Department. When combined with the proposed citywide COLA, police salaries will increase by 3.5 percent in 2005 under my proposal.

These investments in the Atlanta Police Department should enable us to continue our success in reducing crime in the City. However, our success in fighting crime, and in particularly in enforcing quality of life ordinances, has resulted in an increase in arrests that have placed an unanticipated burden on the City jail system. Since our inmate population is significantly above projections, we must invest \$3.8 million in personnel for the Department of Corrections to ensure that we continue to operate a safe and well-run correctional facility.

We have made significant progress improving the capabilities in the Atlanta Fire Department. Despite the addition of firefighters in 2004, overtime costs in the department continue to grow. To remedy this situation, we are requesting a reallocation of funds previously dedicated to covering overtime expenses to increase the department's capacity to train new firefighters. This plan is geared toward the elimination of vacant positions and to more appropriately staff the City's firehouses.

I have included in this proposal a plan to strengthen the effectiveness of our building permit operation by adding 11 inspectors. This will have a direct, positive impact on our ability to enforce the city's building codes, and proposed additions to the ranks of the Trash Troopers proposed in the Department of Public Works budget will aid our effort to keep our streets clean.

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The City Council has expressed its interest in improving our efforts to increase the participation of minority-owned, local and small businesses in City-funded work. Toward that end, we have included funds to support a Disparity Study that develop recommendations on how to improve the effectiveness of our programs.

The City continues to suffer from a lack of investment in its information technology infrastructure. I have included in this budget additional funds for the upgrade of existing systems and selective investments in new systems. We cannot achieve our goal of an efficient and effective government and become a best-in-class managed City without significant improvements/investments in IT.

Finally, we are proposing the next phase of courts consolidation in this budget. Our proposal implements the plan we embarked upon in 2003 by consolidating all municipal and traffic court functions within a single court under a unified bench and central administration. Although we continue to work with Fulton County to complete the intergovernmental agreement that would formally abolish the City Court of Atlanta, the plan proposed within this budget would accomplish most if not all of our objectives to reform the operations of the City's judicial agencies.

These are just some of the highlights of our FY 2005 budget proposal. More details are contained herein. The numerous studies and reports we have commissioned over the past three years have provided us with a blueprint for reforming City government. Overall, we believe that this budget represents another critical step in implementing that reform program.

I look forward to working with you in the coming weeks and through the final adoption of the 2005 budget. My staff is available to assist you as needed.

Sincerely,

Shirley Franklin

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